Inside Story: The Atomic Power Grab, See Page 2

I. F. Stone's Weekly

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Olive Branch—or The Same Big Stick?

The tone of the President's address to the newspaper editors was moderate and idealistic; there were passages in which one might have believed it was Henry Wallace talking. But when Eisenhower came to the terms on which he proposed to make peace, the olive branch proved a masquerade for the same big stick waved so often by Truman.

Eisenhower did not insist as a condition for peace that a new government be installed in Moscow, but that is about the only demand he did not make. There must be peace in Korea, of course on our terms; the Indo-Chinese and Malayan revolts are to be shut off, as one shuts off a spigot; an Austrian treaty is to be signed and the Red Army withdrawn from Central Europe; Germany is to be united but remain part of a Western alliance; and the Russians are to accept American disarmament and atomic control proposals "made firmly effective by stringent UN control and inspection." Eisenhower asked whether the Russians were prepared to accept these conditions and added, "If not—where then is the concrete evidence of the Soviet Union's concern for peace?" On this basis the Soviets can only demonstrate a sincere desire for peace by an unconditional surrender to American terms.

Amid the thunderous and dutiful claque (the American press has grown almost as unanimous as the Russian), few questioning voices could be heard. Senator Green of Rhode Island wondered sensibly but forlornly whether it was not "a tactical error to lay down the conditions we will agree to in seeking peace . . . The naming of conditions complicates the problem of negotiations." The Chicago Tribune and Washington Times-Herald asked, "By setting terms which to the Russians must seem not much different from the 10 points by which Secretary Hull goaded Japan into war, has he (Eisenhower) closed the door to more limited achievements, particularly to an armistice in Korea?" The follow up speech by Dulles made the program seem all the more like an ultimatum. Where Eisenhower had been tactfully silent about Formosa, Dulles made it clear that we intend to keep refueling the Chinese civil war while asking the Communists to call off the lesser civil conflicts in Korea, Indo-China and Malaya. Dulles's horticulture had produced an olive branch with thorns.

The strategy of extending a peace offer so onerous as almost certainly to be rejected was explained in the Ray Cromley dispatch published by the Wall Street Journal on April 8. This was based on that famous Dulles off-the-record talk with a few favored correspondents. Cromley reported the plan was to seize the initiative with a peace offensive in which each concession from the enemy would be followed up by a new demand and "if the Chinese or the Russians refuse any of these requests, it is contemplated that U. S. propaganda expert C. D. Jackson will organize a world-wide campaign aimed at convincing the world the Reds don't want peace, really, despite their talk of it." Cromley said "The importance of this new policy—to American diplomats—is that heads we win and tails we win, too."

The naivete rather than the program deserves Churchill's characterization—"massive and magnificent." The Eisenhower speech followed the pattern Dulles forecast to the correspondents. Thus after enumerating his terms, Eisenhower concluded, "If we strive but fail, and the world remains armed against itself, it at least need be divided no longer in its clear knowledge of who has condemned mankind to this fate."

The real anxiety here is not to avoid the fate but to fix the blame. The basis is being laid for stepping up the emotional mobilization for war. Dulles said nervously to reporters the next day, "unless there is a prompt response from the Soviet Union . . . it will be quite apparent that it is necessary to move ahead on all fronts, East and West, with a strong position." Moscow must not only surrender, but do it quickly. The mentality is much like that of Van Fleet, who told the editors the same day the only solution in Korea was an all-out offensive.

If this were the whole story, there would be grounds for nothing but despair. A powerful group within the American military bureaucracy and governing circle is as opposed as ever to peace in Korea; the drift to war is still the line of least resistance. Dulles as always sees eye to eye with the masters of the Reich, and Adenauer wants no relaxation of tension until the U. S. has financed German rearmament and made the Ruhr the world's greatest arsenal again; then Germany can exact its own terms from the Russians. Eastern Europe is to be liberated for German exploitation; the *Drang nach Osten* requires that war, cold and hot, continue.

But Dulles and Van Fleet are not the whole story of this Administration. Other voices, equally powerful, may be heard. The Secretary of the Treasury in his speech to the Associated Press last Monday spoke a different language, the language of confidence in American business, unafraid of peace and skeptical about the endless pouring out of American wealth in a world crusade of tension and hate. Eisenhower himself, though something of a cipher, without much personal weight in the equation of forces within his Administration, yet seems to be a man of peace. There was much in his speech Dulles must have found unpalatable even as sugar-coating. If a column by the Alsops was correct, in the tug-of-war over the drafting, "White House thinking" at first "did not absolutely rule out the disarmament and unification of Germany, following free elections . . ." On such a basis agreement would be possible, with some promise of safety for Europe. I still believe there is a little more chance of peace with this Administration than there was with Truman's. The door to peace is at least ajar.

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Atomic Power: Biggest Steal of the G.O.P. Era

Eisenhower in 1946 saved the atom for public ownership and civilian control. Now he is preparing to hand it over to "private enterprise."

Eisenhower swung the scales of a Republican Congress against the May-Johnson atomic energy bill favored by the military and big business. His endorsement clinched the case for the McMahon-Douglas bill, which became the Atomic Energy Act of 1946. What was done in his name then is to be undone now: the long planned campaign to hand the atom over to private exploitation has begun.

The theme of the campaign, of course, is free enterprise—*"laissez faire."* A better summing up for the spirit of the victorious Republicans lies in an older, franker phrase out of the years before the French Revolution—*"enrichissez vous."* The corporate courtiers swept into power with the Great Golfer are determined to enrich themselves at the expense of the public domain. Bigger than tidelands oil, power projects, synthetic rubber plants, grazing lands and water rights is the 10 billion dollar public investment in atomic development. This is to be the biggest steal of the new G.O.P. era.

The campaign could not begin under more favorable conditions. The spirit of the time in America is to get rid of "socialism"—creeping or otherwise. The atmosphere makes it dangerous to question the virtues of "free enterprise": the famous Bulletin of the Atomic Scientists, now planning a special symposium on the subject, is having difficulty in finding a scientist with the temerity to argue the case for continued public ownership. Such pleading is enough to create suspicion of heresy and invite loss of security clearance. The atmosphere created by "loyalty" purges pays off.

Transformation of a Hero

An unexpected asset is a New Deal hero who has become a Rotarian oracle. David E. Lilienthal, whose name is synonymous with TVA; first chairman of the Atomic Energy Commission; co-author of the Baruch-Acheson-Lilienthal plan for world public ownership (no less) of atomic energy, has since 1950 been spark-plugging the campaign to hand the atom over to private business. In two articles that year for Collier's, Lilienthal called for revision of the law and lyrically foresaw the time when "the first breath of the tonic air of competition would blow through the atomic industry." This is not the tonic he administered to the Tennessee Valley.

This campaign, like the rest of the atomic energy story, is full of optical illusions. Not the least of them is Lilienthal himself. He illustrates the efficacy of the tactics pursued by the right wing of American politics. The right, by taking the initiative and denouncing Lilienthal as socialistic, brought the liberals and left to his defense. In the process of proving (quite unnecessarily) that Lilienthal was no socialist, the left-of-center failed to notice how far right their hero had been pushed. They were kept busy defending as non-socialistic a program they would otherwise have criticized as much too favorable to big business. For another of the optical illusions in this story is the belief that until now the atom has been under public ownership in the full sense of the term.

The man who had administered the TVA as a "yardstick" with which to provide some public check on private power charges administered the Atomic Energy Act in such a way as to provide no "yardstick" at all for atomic costs.

The AEC's Obsession

James R. Newman, who was counsel to the Senate (McMahon) Committee on Atomic Energy which framed the present Act, cast an astringent eye on what had happened to the statute in a brilliant survey for the December, 1951, issue of the Yale Law Journal. "The Commission," he wrote, "has seemed obsessively determined to dispel the notion that the Atomic Energy Act is socialistic. It has delegated every major operating function of the production program, and most of the minor one, to private contractors . . . A small but powerful segment of American industry is today the manager of the great bulk of the atomic energy program." The Commission did not even carry on research in its own laboratories as specifically provided by the Act.

Competitive bidding, Newman wrote, has been "systematically disregarded." The administration of the cost plus fixed fee system has gone to fantastic lengths. Thus the 1949 investigation initiated by Hickenlooper disclosed that a contract which had been let for the erection of a plutonium fabrication facility at a cost of $6,225,000 was completed at a cost of $25,000,000 without the knowledge of the Commission; General Electric was the prime contractor. For two years the AEC thought the facility cost $6,000,000 "when suddenly, in early 1949, the Commission, through a routine inspection by one of its members, discovered that in reality" it cost four times as much. Such contracts, Newman said, were defended by the Commission on the ground that "special concessions are necessary to induce the participation of private industry."

One of the major concessions for which private atomic contractors have long been hankering and will now campaign is the right to take out atomic patents: the Atomic Energy Act keeps these securely under public ownership. The companies would like to obtain private patents on the work they have been doing at public expense. The other major objective is less openly proclaimed. It is hidden behind the talk of letting private industry develop the peacetime power potentialities of the atom. This is the spot at which the smooth public relations hand hopes to be swifter than the easily tired public eye.

What The Insiders Know

A public brought up on Sunday supplement science still believes that atomic pellets to operate atomic vehicles and plants are just around the corner. The insiders know that it will be a long time before atomic power can compete with oil, coal, gas or other conventional sources. They also know millions of dollars would have to be risked before ordinary use became possible. As Lilienthal told the specil meeting on the subject held by the National Industrial Conference Board last October, it would be "imprudent at the present time for anyone to consider seriously putting substantial private money into this field." This is not how Lilienthal talked to the general public in Collier's.

The Congressional Joint Committee on Atomic Energy put it very softly in its report last December on "Atomic Power and Private Enterprise". It said "To date no AEC contractor has suggested that it undertake an atomic power project partly or wholly at its own expense." What has been suggested is that private contractors be allowed to take over plants producing fissionable materials, and that the government be allowed to make long term contracts to buy this material. Power could then be produced for sale as a by-product. Then, as one AEC official explained at a conference in Ann Arbor last June "The more we 'pay' for plutonium, the cheaper the power becomes . . . if some persuasive individual could talk the military into setting a really high price for plutonium, we could have power for 'nothing' ".

Smart Public Relations

The real point does not lie in the domain of nucleonic engineering but in that of smart public relations. It would be too crass to suggest that a $10 billion dollar industry be handed over to private hands. A supposed eagerness to develop atomic power is a cover-up for a desire to take over the multi-million dollar business of providing fissionable materials for the atom bomb. This is where the real money lies. As for atomic power, what with accelerated amortization, government contracts for research and other devices, this can be developed for private profit but at public risk.

The success of this campaign will in-

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One Farewell Custard

There are two voices of America. One is the Voice with a capital *V*, which broadcasts in so many languages so many hours a day what we would like people abroad to think about us. The other, the voice with a small *v*, is the inadvertent message of our own actions. This, the real voice of America, broadcast a strange message last week about Charlie Chaplin.

It told the world that the little funny man on whom we were brought up could no longer bear the spirit of contemporary America and had turned in his reentry permit. It said there must be something seriously wrong with our America if Chaplin could no longer live in it.

The "voluntary" exile of Chaplin is a measure of how America has changed since we were children. He never became an American citizen but Charlie Chaplin was and will remain more truly American than the blackguards and fanatics who hounded him, the cheap politicians who warned him not to come back.

We do not blame Charlie Chaplin for leaving us. Who could blame a comic genius—one of the greatest of all time—for being unwilling to live in a country which seems to have lost its sense of humor? But we ask him not to desert us altogether.

The man who made *The Great Dictator* owes it to us and himself to put into a new film the tragicomedy overtaking America where greasy informers are public heroes, protectors of gambling dens set themselves up as guardians of public morality, and a Senator who is afraid to answer questions about his own financial accounts becomes the Great Investigator of others. Come to think of it, *The Great Investigator* would be a worthy successor to *The Great Dictator*.

Turn the laugh on them, Charlie, for our country's sake. This Capitol needs *nothing so badly as one final well-flung* custard pie.

Ghost Walks in Greece

Readers of the Daily Compass may recall a series of columns I wrote last summer attacking as whitewash the belated report turned in on the George Polk murder by the newspaperman's committee of which Walter Lippmann was chairman and for which Major General William Donovan of the OSS was chief investigator. That report took at face value the "confession" of the Greek newspaperman, Gregory Staktopolous, who said the CBS correspondent was killed by Communists on his way to interview the rebel leader, Markos. Why Communists should have killed a reporter sympathetic to their own cause and critical of the Greek government was never explained.

It would be more logical for supporters of the Greek government to kill Polk. This is the logic the government avoided by the "confession" of Staktopolous. That the government made a deal for that confession is indicated by new revelations from Greece. The Athens newspaper *Apoyevmatini* last week disclosed that Staktopolous, sentenced to life imprisonment for complicity in the Polk murder is not in jail but held in the headquarters of the Salonika security police, given special treatment and even allowed to walk about the streets.

Two days later the Associated Press man in Athens filed a dispatch beginning, "Athens, April 15—Gregory Staktopolous stepped into a jail last night for the first time since he was sentenced to life imprisonment in 1949 as an accomplice in the slaying of George Polk . . ." Few papers ran the dispatch. None queried Athens for more details. What's a little murder and a frame-up among friends?

Thanks

The Churchman, independent Episcopal fortnightly, in its issue of April 15 was kind enough to reprint and endorse the *Weekly's* editorial of March 21, "What Churchmen Could Do", suggesting that the churches turn the tables on Velde, Jenner and McCarthy by investigating the investigators. "We have long been convinced," the *Churchman* commented, "that the Protestant churches of America could be more effective in smashing the iniquitous witch hunt than any other group . . . the inquisitors don't relish facing an aroused Protestant church". We hope to say more in the near future on the subject of the churches and the witch hunt.

Simplification

Dr. Detlev W. Bronk, president of Johns Hopkins, has suddenly decided to "simplify the academic structure" of the University by abolishing the Walter Hines Page School of International Relations. The school has been headed since 1938—with distinction—by Owen Lattimore. Thus Dr. Bronk "simplifies" another of his problems. A great scholar crucified by the China Lobby can conveniently be dropped without the bother of waiting to see whether he is actually found guilty of perjury. It always simplifies life to abandon one's obligations of honor.

Jefferson on "FBI" Files

From the sixth volume just published of the new Princeton collection of Jefferson papers, Jefferson's message refusing Congress access to the files on Aaron Burr, accused of treason:

"The mass of what I have received in the course of these transactions is voluminous, but little has been given under the sanction of an oath, so as to constitute formal and legal evidence. It is chiefly in the form of letters, often containing such a mixture of rumors, conjectures and suspicions as render it difficult to sift out the real facts . . . In this state of the evidence, delivered sometimes, too, under the restriction of private confidence, neither safety nor justice will permit the exposing names except that of the principal actor . . ."

Atomic Power: Biggest Steal of the G.O.P. Era

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crease the cost of fissionable materials. It will not guarantee speedier development of atomic power; the giant electrical and chemical concerns which have the inside track on the program as AEC contractors have not been notable in the past as models of competitive enterprise.

This brings us to the question of security. A befuddled public takes it for granted that a man who once gave $5 to Loyalist Spain may be a "security" risk. But who dares recall that many of the big concerns working for AEC gave away vital industrial military secrets to Germany and Japan via patent-swapping and cartel agreements before the war? Who dares warn that if the atom is handed over to them they will almost certainly be swapping patent secrets again with foreign laboratories?

Finally let it be remembered that to make fissionable materials a private industry is to establish a new private interest in world tension. The atom bomb lobby would dwarf the armorplate and aircraft lobbies. The profitable operations of a huge industry would depend on a high output of atom bombs. Any attempt to outlaw this terrible weapon would threaten the industry with financial ruin. To hand the atom over would be to create a vested interest in disaster.

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JENNINGS PERRY'S PAGE

A Tour Through An "Oppressed" Valley

I have just been on a long spring ramble through a region in which five million Americans are living in sin, or what Herbert Hoover considers sin. I mean the TVA country. The people, I'm afraid, are utterly unrepentant.

In the cities, on the farms and as far back up in the coves as you can go they are pushing buttons and turning on lights as happily as never before. If you try to point out to them that the lights are "creeping socialism," they look at you as if they question either your loyalty or your sanity, or both.

You can put it another way and fare no better. You say, "Don't you *want* to be rescued? Don't you want to be *free men?*" And they will call, "Come here, Mamma, and listen to what this fool fellow is saying."

All of these people have been living "under" public power for 15 years. Their children are suckled on formulas warmed with creeping socialism; they milk their cows and decorate their Christmas trees with creeping socialism. I never saw people with clearer consciences about such a thing. They simply like it. You can tell them that makes them "false liberals" if you dare. Even Mr. Hoover wouldn't dare tell them to their faces it makes them "un-American," not even with the protection of his age and name.

These people remember when the Tennessee River ran wild, and when running out of coal oil for the lamps was a calamity. Many of them voted for Eisenhower, but these to a man will remind you they voted for him on his promise "to end the war—and keep his hands off of TVA." Some of them once voted for Herbert Hoover—to keep rum and Romanism, as they thought, out of the White House; but the news that Hoover has been urging the Republicans to "rescue" them from TVA has stirred, besides guffaws, only the sharp comment that "Hoover wants to take us back—to Coolidge."

The five million Americans in this region may not stand as much in awe of TVA and its works as do the visiting nabobs from all parts of the world who come or are brought among them to be impressed by what America can do. But each and every one of them is shamelessly aware of being "part owner" of the great system which lights his countryside. Nothing the Great Engineer can say at Case Institute can make them ashamed.

Let Herbert Hoover point out that public power is socialism—creeping or galloping—which is "the world's nightmare:" they will not stickle for that. All of them, city dwellers or countrymen, will continue to push their buttons without a twinge. Neither the former President's morality nor his reasoning reproaches them. Sell their power systems back to the corporations? But their municipalities and their cooperatives *are* corporations, owned by all of the people. Turn TVA over to "tax-paying private enterprise?" But in the TVA country even the children know that power companies, whose *net* earnings are guaranteed by rate schedules filed with the regulatory bodies, only *collect* taxes.

I had wondered ever since Mr. Hoover came out of his cave calling upon Mr. Eisenhower to "get the Federal Government out of the business of generating and distributing power as soon as possible" what the Tennessee Valley people would be thinking of the proposal. After all, these are the people who can speak from experience, who should be able to advise the rest of us whether or not growing up with electric power developed by the Government and distributed by 138 municipalities and consumer-owned cooperatives really threatens a "new oppression of free men greater than the old dog-eat-dog economy."

They are thinking, I find, that it is a fine American thing to have lights in the barn as well as in the house, and practically no oppression at all to be able to afford both. They appear to be conscious of no need whatever of being "rescued" from services which, by democratic choice, they have elected to render themselves. And as for Mr. Hoover's suggestion that they somehow are not the free men they were, they are free enough certainly with down-to-earth American rejoinders Mr. Hoover, at his time of life and dignity, would not care to hear.

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